

WORKFORCE OBSERVATIONS FOR SOUTH CENTRAL WISCONSIN COUNTIES

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State of Wisconsin
Department of Workforce Development

Typical winter slowdown slightly more pronounced

In January 2002, the national unemployment rate was 6.3 percent (up from 4.7 percent last January), Wisconsin's rate was 5.8 percent (up from 4.8 percent), South Central Wisconsin's rate was 4.1 percent (up from 3.3 percent) and the rate for Dane County (also called the Madison Metropolitan Statistical Area) was 2.8 percent (up from 2.2 percent). (All 2001 estimates have been revised.)

January and February typically bring the highest unemployment rates of the year and the December-to-January increase is always the year's largest jump. Retail activity drops off from its unsustainable seasonal peak. Construction enters the slowest months of the year. School workers and work-study students who work in the beginning of December are often off of work in the beginning of January. (Although, this year's December-to-January changes are slightly more pronounced than usual (one or two tenths of a percentage point higher than the average December-to-January change from 1990 to 2001). Still, this may not be as dramatic as one might expect in a recession.

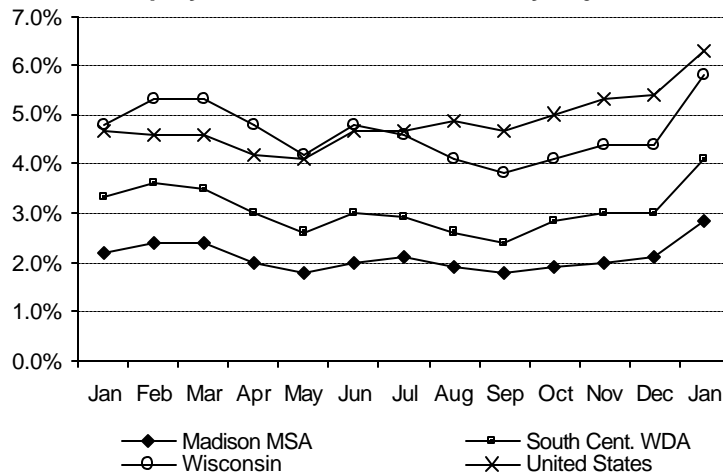
Have we seen it all before?

Nationally, this recession has followed its predecessors in showing a significant delay between the beginning of the demand slowdown and the first large unemployment increases. Typically, there is a similar gap between demand recovery and falling unemployment. This suggests that employers are reluctant to shed workers or add workers until it is clear that they must.

By most measures, overall output shrank for at least part of last year as unemployment figures rose. Because the number of hours worked declined faster than output, worker productivity (output per hour) increased, which is unusual for a recession. If employers are able to sustain productivity growth

when demand picks up, they may not have to rehire as many workers as they shed. This would soften the pace of recovery.

Unemployment rates - not seasonally adjusted



Sources: DWD and BLS Local Area Unemployment Statistics

Data for 2001 have been revised. Calculations referencing 2001 data are based on revised data.

Labor force estimates - not seasonally adjusted

January 2002 Estimates	Wisconsin	South Central WI	Madison MSA	Columbia County	Dodge County	Jefferson County	Marquette County	Sauk County
January 2002								
Civilian Labor Force*	3,031,900	440,400	277,300	27,900	48,300	43,800	7,400	35,800
Employed	2,855,200	422,500	269,400	25,900	45,100	41,600	6,700	33,800
Unemployed	176,600	18,000	7,800	2,000	3,200	2,200	760	1,970
Unemployment Rate (%)	5.8	4.1	2.8	7.3	6.6	5.0	10.2	5.5
Change From December 2001								
Civilian Labor Force*	50,700	9,100	5,600	670	850	930	260	860
Employed	6,200	4,300	3,500	90	140	260	20	290
Unemployed	44,600	4,800	2,100	580	710	660	240	560
Unemployment Rate (%)	1.4	1.1	0.7	1.9	1.4	1.5	3.0	1.5
Change From January 2001								
Civilian Labor Force*	96,200	15,800	9,600	1,620	1,070	1,410	350	1,770
Employed	60,200	11,700	7,600	1,210	70	1,010	310	1,530
Unemployed	36,100	4,100	2,000	410	1,000	400	40	230
Unemployment Rate (%)	1.0	0.8	0.6	1.1	2.0	0.8	0.1	0.4

* Includes people residing in area. Estimates are NOT seasonally adjusted. Current month estimates are preliminary. Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding. Calculations are based on unrounded numbers.

Consumer spending trends also set this recession apart. Many economists estimate that consumer spending is around two-thirds of all spending, or twice as important as business spending. Most recessions begin with consumer spending falling first and business spending falling in response. When businesses see consumers feeling more bullish again, business spending picks up. This recession started with a softening in business spending and has not seen momentous declines in consumer spending.

Economists and business journalists often write about “pent-up demand” that builds while consumers tighten their belts during the recession and argue that the initial increases in consumer spending lead us out of recession. During this recession, consumers have not delayed purchases or reduced spending en masse; some commentators suggest that consumers have increased debt loads to continue spending. The failure of consumers to reduce spending can be a double-edged sword: the recession is not as severe (by most measures) as its recent predecessors, but it may make for a slower, less robust recovery.

South Central Wisconsin’s economy could face some challenges if the rebound is weak. Two sectors (manufacturing and construction) that have contributed substantially to growth in certain areas both rely on healthy growth forecasts to sustain themselves. Although residential real estate has not yet seen dramatic declines during the current slowdown, the long term prospects for commercial construction may be subject to more questions. Commercial construction thrives when businesses see the need to expand capacity. When businesses shrink or maintain capacity, commercial construction prospects are not as bright.

Wisconsin manufacturers produce more than their share of the equipment used to update or expand production at other facilities. If the manufacturers’ customers don’t expect enough growth, demand for manufacturers’ products won’t pick up very quickly. Consequently, a weak recovery might not boost manufacturing employment levels to previous levels, especially if productivity trends continue to allow employers to produce more output per employee.

Data for 2001 have been revised. Calculations referencing 2001 data are based on revised data.

Payroll employment estimates - not seasonally adjusted								
January 2002 Estimates	Wisconsin	South Central WI	Madison MSA	Columbia County	Dodge County	Jefferson County	Marquette County	Sauk County
January 2002								
Total jobs, all industries**	2,759,200	420,900	290,200	20,800	34,300	37,000	3,500	35,000
Construction & Mining	108,100	16,100	10,500	920	1,850	990	130	1,640
Manufacturing	567,700	66,600	29,200	5,500	12,000	11,700	1,210	7,000
Transport & Public Util.	131,500	14,900	10,400	610	1,310	1,510	70	1,000
Wholesale Trade	135,100	16,900	12,000	730	1,040	1,300	90	1,780
Retail Trade	490,700	74,400	50,300	3,900	5,000	7,100	650	7,500
Finance, Ins. Real Estate	150,400	26,800	23,500	410	770	820	110	1,140
Services	761,100	110,600	78,900	4,900	7,000	9,400	550	9,800
Government	414,600	94,600	75,300	3,900	5,400	4,100	710	5,300
Change From December 2001								
Total jobs, all industries**	-95,200	-5,900	-3,800	220	-1,590	-790	-240	250
Construction & Mining	-12,100	-3,700	-2,900	-100	-360	-160	-30	-210
Manufacturing	-41,200	-3,600	-1,740	20	-970	-680	-30	-180
Transport & Public Util.	-4,700	-100	100	-70	0	-100	-10	-30
Wholesale Trade	-3,200	-780	-620	-70	-30	-70	0	10
Retail Trade	-28,400	-2,600	-2,700	10	0	40	-50	90
Finance, Ins. Real Estate	1,360	1,380	1,540	-80	-70	-10	0	0
Services	-9,500	2,800	1,840	410	-210	80	-20	710
Government	2,500	710	680	100	50	100	-80	-150
Change From January 2001								
Total jobs, all industries**	10,900	11,500	9,100	1,110	-760	-100	50	2,100
Construction & Mining	-2,200	-1,960	-2,100	20	20	-40	-10	100
Manufacturing	-44,200	-3,900	-1,360	340	-1,500	-1,320	60	-70
Transport & Public Util.	1,950	360	550	-90	70	-150	-20	0
Wholesale Trade	-1,150	-500	-470	-30	-50	-90	20	130
Retail Trade	8,900	2,600	1,480	60	120	450	-10	510
Finance, Ins. Real Estate	3,800	1,570	1,470	-20	-40	50	0	100
Services	28,700	9,600	6,700	590	190	970	40	1,160
Government	15,100	3,600	2,800	240	430	40	-40	150

**Includes employment with employers located in area. Estimates are NOT seasonally adjusted. Current month estimates are preliminary. Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding. Calculations are based on unrounded numbers.

Please direct questions and comments to:
BarroDa@dwd.state.wi.us (email)
(608) 242-4885 (telephone)

Dan Barroilhet, Labor Market Economist
1819 Aberg Avenue, Suite C
Madison, WI 53704

Look for the most current Labor Market Information at: www.dwd.state.wi.us/lmi.